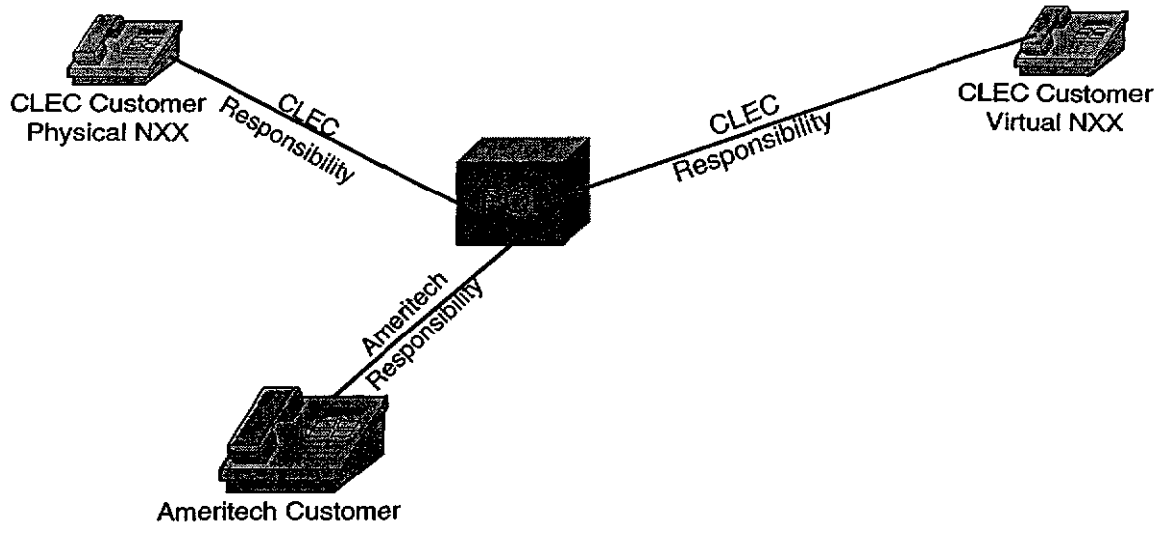
codes according to Ameritech's proposed language, it would be impossible for Level 3 (or any other CLEC in a similar situation) to utilize virtual NXXs in the provision of service to its customers. Virtual NXXs are often used by carriers to provide a local number to customers in local calling areas in which the customer is not physically located. Customers who are physically located (both ILEC and CLEC customers) in that area are then able to place calls to the virtual NXX customer without incurring toll charges. If Ameritech precludes Level 3 or any other CLEC from providing virtual NXXs, not only would Ameritech customers no longer be able to reach many of their ISPs by dialing a local number, but because calls to the ISP have been re-classified as toll calls, Ameritech would no longer be obligated to pay the reciprocal compensation associated with local calls.

Q. DO THE COSTS INCURRED BY AMERITECH DIFFER WHEN ONE OF ITS CUSTOMERS DIALS A VIRTUAL NXX NUMBER, THEREBY PROVIDING JUSTIFICATION FOR AMERITECH TO RESTRICT NXX ASSIGNMENT?

A. No. There is no additional cost incurred by Ameritech when a virtual NXX is provided to a CLEC customer, because Ameritech carries the call the same distance and incurs the same costs regardless of whether the call is terminated to a CLEC customer with a physical location in the NXX rate center, or a CLEC customer with a virtual NXX. When a customer of

Ameritech originates a call on Ameritech's network, Ameritech's responsibility for the call ends with delivery to the Point of interconnection ("POI") it has established with Level 3 or another CLEC. Once the call is handed off at the POI, the CLEC is responsible for the costs of delivering the call to the terminating number. Ameritech's obligations and costs are exactly the same in delivering the call to the POI, regardless of whether the call terminates at a so-called "virtual" or physical NXX or behind the POI. Ameritech would carry the call the same distance and incur the same transport costs. This concept is illustrated in the diagram below.



As shown in this diagram, Ameritech should be completely indifferent as to where the CLEC terminates the call from both a cost and operational standpoint. As noted above, however, there is an artificial incentive on the part of Ameritech to limit NXX code usage. By restricting NXX assignment, Ameritech would evade its obligation to pay the CLEC for

terminating the Ameritech customer's call on the CLEC's network if the CLEC customer was assigned a virtual NXX code. This avoidance of its reciprocal compensation obligation is likely a strong motivating factor for Ameritech to restrict NXX assignment.

Q. WHY IS IT IMPORTANT FOR LEVEL 3 TO PROVIDE ITS CUSTOMERS WITH VIRTUAL NXXS?

A. Level 3 and other CLECs provide (and, as discussed below, seemingly Ameritech itself provides) a valuable service to customers by providing them with virtual NXXs. For example, Level 3 may attract ISP customers by providing virtual NXXs. The virtual NXX allows the ISP's subscribers to access the Internet by calling a local number, even though the ISP's POP is miles away.

A key competitive advantage – indeed, a practical business necessity – for any ISP is having a local dial-up for a prospective customer. Because Internet bound calls are often longer in duration than other calls, avoiding toll charges associated with accessing an ISP's POP that is not located in the user's rate center dramatically reduces the user's Internet costs. Therefore, ISPs will often choose their carrier based on the carrier's ability to provide local dial-up capability.

Q. HOW WOULD THE COMPETITIVE DEPLOYMENT OF AFFORDABLE ADVANCED SERVICES BE IMPACTED IF AMERITECH RESTRICTS THE ASSIGNMENT OF NXX CODES?

A. By contractually restricting the assignment of NXXs in such a manner that Level 3 and other CLECs cannot offer virtual NXXs, the costs associated with accessing the Internet would increase. By allowing for virtual NXX assignments, Level 3 and other CLECs have been able to provide services which allow ISPs to provide low cost advanced services throughout Illinois, by allowing ISP customers to access the internet by dialing a local number. Eliminating the ability to provide virtual NXX codes would be a step in the wrong direction in the deployment of affordable advanced services in Illinois, as the end result would be a decrease in usage of internet services by Illinois citizens facing the prospect of toll charges to access their ISPs.

This would be in direct conflict with the 1996 Act, which calls for consumers in all regions of the Nation, including those in rural, insular, and high cost areas, to have access to telecommunications and information services at just, reasonable, and comparable rates.

Q. WOULD AMERITECH'S PROPOSED LANGUAGE GIVE AMERITECH A COMPETITIVE ADVANTAGE IN THE ISP MARKET?

A. Yes. Ameritech markets certain products to ISPs. Two such products are OmniPresence[sm] and Ensemble[sm]. Ameritech's OmniPresence[sm] and Ensemble[sm] services allow ISPs to provide their subscribers with directory numbers that allow them to access the Internet with a local phone call, regardless of the location of the ISP's POP, even if the POP is in a different physical location from the Internet user within the LATA.[5]

These service offerings appear to be no different from what CLECs such as Level 3 offer their own ISP customers using a virtual NXX arrangement. For example, Ameritech's response to a Level 3 data request (provided as part of ~~TJG~~ Schedule 2) reveals that "[w]ithout Omnipresence, a customer would be required to rent space and place equipment in order to terminate leased lines to multiple physical locations." However, if CLECs are prohibited from offering the virtual NXX arrangement to prospective and current ISP customers through Ameritech's proposed contract restrictions, ISPs would either have to establish multiple POPs in order to allow their subscribers to access the Internet via a local number or to contract with Ameritech and subscribe to OmniPresence[sm] or Ensemble[sm]. Because each POP requires a significant investment in hardware and leased line connections, and because provisioning services in new areas may cause delays in ISP service offerings, the ability to offer ISP customers local dial-up and single POP capability is a critical competitive consideration. By

[5] Attached to my testimony in TJG Schedule 2 are documents from Ameritech's website relating to these service products, and certain responses provided by Ameritech to data requests regarding these products.

precluding Level 3 from offering these services, Ameritech is creating an economic barrier to Level 3 providing service to ISPs, and is giving itself a significant competitive advantage. This clear advantage for Ameritech would not only stifle the ability of CLECs such as Level 3 to provide service to ISPs in Illinois, but would essentially eliminate the prospect for competition in this market.

Q. PLEASE SUMMARIZE YOUR POSITION ON DEPLOYMENT OF NXX CODES.

A. The use of virtual NXX codes allows consumers efficient access to ISPs and advanced services that would otherwise be impossible if such calls were treated as toll calls. Further, such a restriction on NXX codes would inappropriately allow Ameritech to avoid payment of reciprocal compensation and give Ameritech a competitive advantage over CLECs in the ISP market. For all these reasons, the Commission should adopt Level 3's position and delete Ameritech's proposed language that would restrict NXX code assignment from the interconnection agreement.

Issue 18 – Combinations of UNEs Generally

Q. PLEASE SUMMARIZE THE DISPUTE BETWEEN LEVEL 3 AND AMERITECH CONCERNING ISSUE 18, COMBINATIONS OF UNBUNDLED NETWORK ELEMENTS GENERALLY.

A. Level 3 opposes Ameritech's language with respect to Issue 18 in that such language would have the effect of imposing usage restrictions on Level 3's ability to combine UNEs with other services. Ameritech maintains that ILECs may preclude CLECs from combining UNEs with other ILEC services.

Q. IS AMERITECH'S PROPOSED LANGUAGE CONSISTENT WITH THE TELECOMMUNICATIONS ACT OF 1996?

A. No. Section 251(c)(3) of the 1996 Act requires ILECs to provide to requesting carriers access to UNEs as follows:

> Unbundled Access. -- The duty to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions of the agreement and the requirements of this section and section 252. An incumbent local exchange carrier shall provide such unbundled network elements in a manner that allows requesting carriers to combine such elements in order to provide such telecommunications service.[6]

Q. THE LAST SENTENCE OF 251(c)(3) IS NOT PRECISE IN ITS DIRECTION TO ILECS. HAS THE FCC PROVIDED GUIDANCE WITH RESPECT TO THIS SECTION OF THE ACT?

A. Yes. The FCC codified in rule 51.309(a) its view that the plain meaning of Section 251(c)(3) of the 1996 Act does not permit

[6] 47 U.S.C. Sect. 251(c)(3).

unilateral usage restrictions imposed by the incumbents. Specifically, the FCC concluded that an ILEC "shall not impose limitations, restriction, or requirements on requests for, or the use of, unbundled network elements that would impair the ability of a requesting telecommunications carrier to offer a telecommunications service in the manner the requesting carrier intends."[7]

To my knowledge, Rule 51.319(a) was not challenged in court by Ameritech or any other Party.

Q. DOES THE LANGUAGE PROPOSED BY AMERITECH WITH RESPECT TO COMBINING UNES WITH OTHER SERVICES IMPAIR LEVEL 3'S ABILITY TO OFFER SERVICES IN THE MANNER LEVEL 3 INTENDS?

A. Yes. The language proposed by Ameritech with respect to Issue 18 would impose unjustified usage restrictions on Level 3's ability to combine unbundled network elements with other services. The broad proposed language in Appendix UNE 2.9.8 is obviously intended to impede Level 3 from offering vigorous competition in the local exchange market in Illinois since it would eliminate the ability of Level 3 connect UNEs to or combine UNEs with many Ameritech access services and other Ameritech tariffed service offerings.

[7] 47 C.F.R. Sect. 51.309(a).

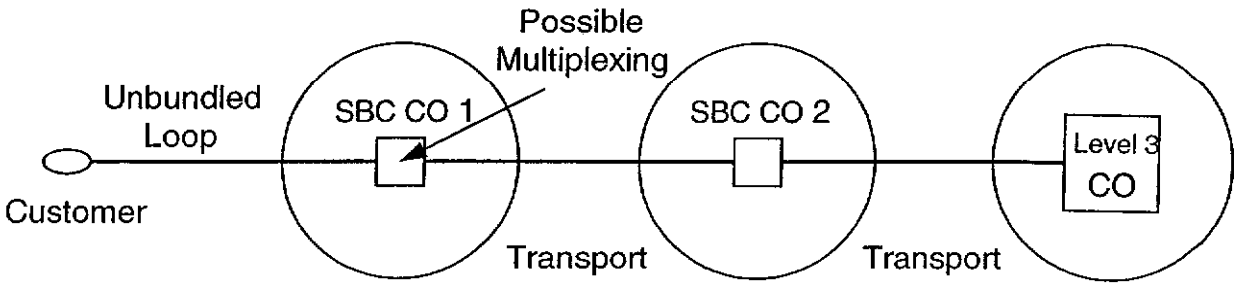
Q. WHAT IS YOUR RECOMMENDATION WITH RESPECT TO ISSUE 18?

A. The Commission should adopt Level 3's position and delete Ameritech's proposed language that does not comport with current law and which would impair the ability of Level 3 to offer services.

Issue 19 – Enhanced Extended Loops

Q. CAN YOU EXPLAIN BRIEFLY WHAT AN ENHANCED EXTENDED LINK ("EEL") IS?

A. An EEL is a combination of an unbundled loop and unbundled transport obtained from the ILEC. Specifically, as the FCC notes in the Executive Summary of the *UNE Remand Order*, page 12, "...an enhanced extended link (EEL) consists of a combination of an unbundled loop, multiplexing/concentrating equipment, and dedicated transport". By means of this loop/transport combination (the EEL), Level 3 can serve customers with unbundled loops without having to collocate in the central office from which the unbundled loops are provided. This situation is illustrated in the diagram below:



Note that without the EEL, if Level 3 wanted to serve the customer depicted in the diagram above with an unbundled loop, Level 3 would have to collocate in both Ameritech central office CO1 and CO2; or, alternatively, Level 3 would have to build or lease transport facilities from its central office to CO1, out of which the customer is served.

Q. WHY IT IS IMPORTANT THAT LEVEL 3 BE ABLE TO SERVE CUSTOMERS, BY MEANS OF THE EEL, IN CENTRAL OFFICES WHERE LEVEL 3 IS NOT COLLOCATED?

A. It is important that CLECs, such as Level 3, be allowed to serve customers throughout the local exchange by the most efficient and economical means possible. This is important both from a marketing perspective, as well as from an economic viability perspective. Naturally, it is also important to consumers who are looking for competitive alternatives to Ameritech service.

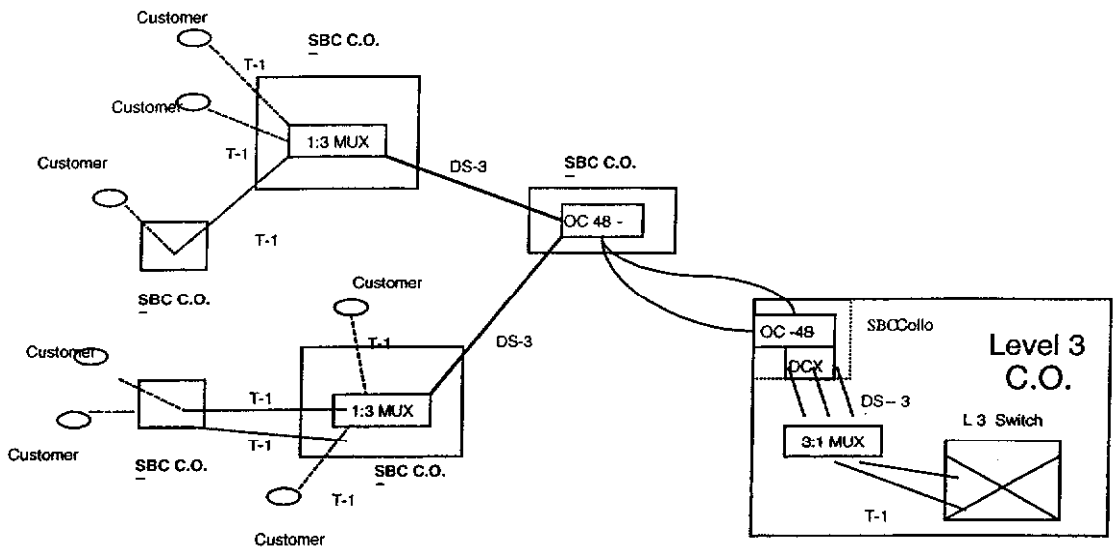
From an overall business perspective, it is important that customers can be served in a manner that is economically viable. Absent the EEL, the CLEC would almost certainly be required to collocate in every central office where it orders unbundled loops. Given the significant up-front expenses associated with collocation, this would greatly increase the cost per customer, not to mention the effect such a requirement would have on the relatively finite nature of available collocation space, most likely driving the cost-benefit analysis of serving such customers into the red. In addition, it is important to remember that the EEL is an effective and cost-efficient method by which to serve customers not necessarily served by the CLEC's network. In short, the EEL is more efficient than requiring CLECs to collocate in every central office within which they would like to serve customers.

Most importantly, CLECs need to be able to expeditiously acquire a critical mass of customers necessary to realize economies of scale resulting from using the capacity of their networks. Telecommunications equipment such as switches need to serve a minimum number of customers before they can be operated efficiently. If the CLECs are unable to attain a customer base that utilizes the capacity of these switches efficiently, their *per customer* costs will be significantly higher than those of the ILECs, who tend to run their facilities at relatively higher levels of utilization. The same is true for many other components of their networks. In sum, CLECs are

in a race against time to acquire, as quickly as possible, customers and increase the utilization of their networks.

Q. PLEASE EXPLAIN IN MORE DETAIL HOW USE OF THE EEL HELPS LEVEL 3 ACQUIRE THE NECESSARY CUSTOMER BASE TO OPERATE EFFICIENTLY.

A. The diagram below shows how, by means of the EEL, Level 3 can offer service across a large geographic region without establishing numerous, expensive collocations within Ameritech's central offices (and taking up valuable collocation space that is unnecessary to provision the service Level 3 requests). In this diagram, Level 3 isn't collocated in any Ameritech wire center, yet it is able to serve customers in four of Ameritech's wire centers on a facilities basis. The diagram below shows how Level 3 can, through the combination of unbundled loops (dotted lines) and unbundled local transport (solid lines)—all purchased from Ameritech—access all the local customers located in four separate Ameritech central offices:



Q. IS THE EEL FUNCTIONALLY EQUIVALENT TO A SPECIAL ACCESS CIRCUIT?

A. In many regards, yes. Both the EEL and special access circuits provide for a loop/transport combination that establishes a transmission path from a customer premises to a distant central office by routing the circuit through an intermediate central office. Existing special access circuits, therefore, are prime candidates to be converted to EELs, because by all technical definitions, special access circuits are nothing more than an existing combination of unbundled network elements (an unbundled loop, a cross-connect—possibly multiplexing—and unbundled interoffice transport).

Q. DID THE FCC FIND THAT ILECS SHOULD MAKE THE EEL AVAILABLE TO REQUESTING CLECS?

A. Yes, at least where such combinations are in existing form today. In paragraph 486 of the *UNE Remand Order*, the FCC found that

> As an initial matter, under existing law, a requesting carrier is *entitled to obtain existing combinations of loop and transport between the end user and the incumbent LECs serving wire center on an unrestricted basis at unbundled network element prices.* In particular, any requesting carrier that is collocated in a serving wire center is free to order loops and transport to that serving wire center as unbundled network elements because those elements meet the unbundling standard, as discussed above. Moreover, to the extent those unbundled network elements are already combined as a special access circuit, the incumbent may not separate them under rule 51.315(b),which was reinstated by the Supreme Court. In such situations, it would be impermissible for an incumbent LEC to require that a requesting carrier provide a certain amount of local service over such facilities. [Emphasis added; Footnotes Deleted]

The FCC also ruled in paragraph 480 that:

> Thus, although in this Order, we neither define the EEL as a separate unbundled network element nor interpret rule 51.315(b) as requiring incumbents to combine unbundled network elements that are "ordinarily combined," we note that in specific circumstances, the incumbent is presently obligated to provide access to the EEL. *In particular, the incumbent LECs may not separate loop and transport elements that are currently combined and purchased through the special access tariffs.* Moreover, requesting carriers are entitled to obtain such existing loop-transport combinations at unbundled network element prices. (Emphasis added, footnote omitted.)

Q. IN GENERAL, DID THE FCC FIND THAT NO RESTRICTIONS ARE IN ORDER AND THAT UNRESTRICTED USE OF THE LOOP NETWORK

IS, IN FACT, ENTIRELY CONSISTENT WITH THE PROCOMPETITIVE PROVISIONS OF THE ACT OF 1996?

A. Yes. At paragraph 177 of the UNE Remand Order, the FCC found the following:

> For similar reasons, we reject US West's argument that we should *exclude* from the definition the loop facilities that underlie *private line and special access* interconnection, because providing these services to competitors at lower-than-tariffed rates would "promote regulatory arbitrage and serve no valid statutory or public purpose."[328] The Commission has not previously found that the requirements of section 251(c)(3) are limited to any particular kind of service.[329] Moreover, section 251(d)(2) of the Act refers to a " . . . carrier seeking access to provide the *services that it seeks to offer*." *We find no basis for placing a restriction on what services a carrier may offer using the loop network element. Indeed, the prospect of competition among carriers to provide services over the loop at prices that more closely reflect the provider's costs seems to us to accord fully with Congress's intent in passing the 1996 Act.* We do not now decide whether or not this analysis may extend to the enhanced extended loop (EEL), but rather seek comment on that issue in the *Further Notice of Proposed Rulemaking*, below.331 (Emphasis added.)

Thus, the FCC supported the general proposition that "...the prospect of competition among carriers to provide services over the loop at prices that more closely reflect the provider's costs ... accord[s] fully with Congress' intent in passing the 1996 Act." While the FCC has requested further comments on the extent to which this analysis should be extended to the EEL, the FCC's preliminary analysis would exclude limits on the uses for unbundled network elements. Likewise, it would preclude restrictions that were not based upon either technological or public policy concerns. I

would encourage the Illinois Commission to reach a similar finding and reject Ameritech's unfounded restrictions.

Q. HAS THE FCC RECOGNIZED THE IMPORTANCE OF THE EEL IN THE FURTHER DEVELOPMENT OF LOCAL EXCHANGE COMPETITION BY LOWERING THE COST OF COLLOCATION?

A. Yes. In paragraph 288 of the *UNE Remand Order*, the FCC notes the following:

> As noted in section VI(B) above, the EEL allows requesting carriers to serve a customer by extending a customer's loop from the end office serving that customer to a different end office in which the competitor is already collocated. The EEL therefore allows requesting carriers to aggregate loops at fewer collocation locations and increase their efficiencies by transporting aggregated loops over efficient-high capacity facilities to their central switching location. Thus, the cost of collocation can be diminished through the use of the EEL. *We agree with ALTS that, if requesting carriers can obtain nondiscriminatory, cost-based access to the enhanced extended link, their collocation costs would decrease, and they would need to collocate in as few as one incumbent LEC central office in an MSA to provide service.* [Emphasis added, footnote omitted.]

Q. HAS AMERITECH AGREED TO MAKE THE EEL AVAILABLE ON AN UNRESTRICTED BASIS?

A. It has not. Ameritech has agreed to offer the EEL, but has so limited the availability of the EEL so as to make it nearly impossible to order. Specifically, I have attached as TJG Schedule 3 a copy of Ameritech's proposed self-certification for the reconfiguration of special access circuits

into EELs. In short, I understand that Ameritech is imposing the following restrictions on provision of the EEL with respect to the conversion of *special access circuits*:

1) The special access circuit in question must contain substantial local exchange traffic. The term substantial, as interpreted by Ameritech, requires that Level 3 must: (i) be the exclusive provider of local exchange service for a customer; (ii) provide at least 1/3 of the customers' local exchange service, and at least 50% of the circuits included in an EEL must have at least 5% of local voice traffic, and the entire DS1 facility must have at least 10% local voice traffic, and each of the individual circuits as multiplexted meets these criteria; or (iii) at least 50% of the traffic on at least 50% of the channels on the loop portion is local voice traffic, and the entire circuit has at least 33% local voice traffic, and each of the individual circuits as multiplexed meets these criteria.

2) Any circuit that is converted must terminate in a collocation space.

3) According to page 1 of the Ameritech document, Level 3 must specifically acknowledge by signing that "Internet traffic is interstate and non local in nature."

4) Level 3 must pay any applicable termination charges for the special access circuits that may be terminated early in order to convert.

5) Level 3 must pay any service order and administrative charges associated with the conversion of special access circuits to UNEs.

Q. IS IT APPROPRIATE FOR AMERITECH TO IMPOSE A MULTITUDE OF RESTRICTIONS ON LEVEL 3'S USE OF EELS?

A. No. Ameritech's proposed restrictions suffer from two major flaws. First, none of these restrictions are based upon a technological or valid public policy concern. Instead, they are transparently aimed at protecting the extent to which Level 3 can use the EEL to compete with Ameritech.

Second, none of the restrictions above are allowed by the FCC's UNE Remand Order. For example, there is no need to require certification under the auspices of the Interconnection Agreement that mandate a **specified percentage** of local **voice** traffic that needs to be transmitted over a special access circuit before it can be converted to an EEL. The FCC in its *UNE Remand Supplemental Order*[8], at paragraphs 4 and 5, provided the proper standard to be used in determining whether a special access circuit could be converted to an EEL.

> 4. We now conclude that, until resolution of our Fourth FNPRM, which will occur on or before June 30, 2000, IXCs ~~may~~ not convert special access services to combinations of unbundled loops and transport network elements, whether or not the IXCs self-provide entrance facilities (or obtain them from third parties). This will give us sufficient time to issue an order addressing the Fourth FNPRM.
>
> 5. This constraint does not apply if an IXC uses combinations of unbundled loop and transport network elements to provide a significant amount of local exchange service, in addition to exchange access service, to a particular customer.[9]

[9] ...In addition, we will presume that the requesting carrier is providing significant local exchange service if the requesting carrier is providing all of the end user's local exchange service. Because we intend the constraint we identify in this Order to be limited in duration, we do not find it necessary for incumbent LECs and requesting carriers to undertake auditing processes to monitor whether or not requesting carriers are using unbundled network elements solely to provide exchange access service. We expect that allowing requesting carriers to self-certify that they are providing a significant amount of local exchange service over combinations of unbundled loops and transport network elements will not delay their ability to convert these facilities to unbundled network element pricing, and we will take swift enforcement action if we become aware that any incumbent LEC is unreasonably delaying the ability of a requesting carrier to make such conversions.

[8] In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, *UNE Remand Supplemental Order*, CC Docket No. 96-98, Released November 24, 1999.

As is evidenced by the FCC's discussion above, a requesting carrier is required only to "self-certify" that it is providing "...a significant amount of local exchange service" over the special access circuit in order to be eligible to convert the circuit to a combination of unbundled network elements. The numerical and technical parameters included in Ameritech's limitations are obviously contrary to the above stated "self-certification" process whereby the FCC obviously left the requesting carrier in charge of certifying that it had met the FCC's standard of "significant local traffic," without reference to specific percentages or the content of traffic (i.e., voice or data).

Q. DID NOT THE FCC SUGGEST LOCAL TRAFFIC RESTRICTIONS SIMILAR TO THOSE AMERITECH IS IMPOSING?

A. Yes. The FCC has indicated through a footnote reference to a filing by certain carriers that it might consider local traffic percentage restrictions similar to Ameritech's to meet the "significant" local service requirement. However, it is important to note that the FCC has not actually moved to adopt these percentages as of the date of this testimony even though they have been under consideration for several months. Nor has Ameritech shown any reason why "voice" traffic is somehow more local than data traffic in calls delivered to ISPs for the purposes of considering what constitutes "significant local traffic."

There is no proven need in Illinois for Ameritech to maintain special access rates at higher than competitive prices for purposes of subsidizing some universal service objective. Hence, there is no need for the Illinois Commission to place overly strict limitations on the extent to which CLECs can convert special access circuits to EELs. For this reason, I would recommend that the Illinois Commission take a very broad view of the term "significant" as it is used for purposes of limiting the extent to which Level 3 can convert special access circuits to combinations of UNEs (EELs). Therefore, I would likewise recommend that the Commission reject Ameritech's attempt to quantify the term "significant" in a manner that would overly limit Level 3's access to the EEL.

Q. PLEASE COMMENT FURTHER REGARDING AMERITECH'S REQUIREMENTS WITH RESPECT TO INTERNET TRAFFIC AND THE FACT THAT THE LOCAL TRAFFIC MUST ALSO BE "VOICE" TRAFFIC TO QUALIFY FOR CONVERSION OF A SPECIAL ACCESS CIRCUIT.

A. Ameritech has provided no reason to tie the use of the EEL to some acknowledgement by Level 3 in a self-certification as to the jurisdictional nature of certain types of traffic. In short, Ameritech is offering Level 3 access to the EEL (a combination of elements to which Level 3 is already entitled), only if Level 3 agrees to exclude a component of "local traffic" from the definition of local traffic for certification purposes. Level 3's

position on compensation for ISP-bound traffic should not be a condition of receiving the EEL.

Further, in the recent arbitration award in Docket No. 00-0027, the Illinois Commission already determined that Internet traffic is local traffic for purposes of EEL conversion:

> Based upon the record before us, we must agree with Focal that, for purposes of complying with the FCC's directive in the Supplemental Order, Focal should be allowed to count ISP bound traffic as local exchange service in self certifying that it will be providing a significant level of local exchange service through an EEL. [Arbitration Decision in 00-0027 at page 15.]

Ameritech has provided no sound reason for the Commission to depart from its ruling only a matter of weeks ago on this same question.

Q. PLEASE COMMENT REGARDING AMERITECH'S CONTENTION THAT LEVEL 3 MUST PAY ANY APPLICABLE TERMINATION CHARGES FOR THE SPECIAL ACCESS CIRCUITS THAT MAY BE TERMINATED EARLY IN ORDER TO CONVERT.

A. Termination charges and other non-recurring charges should not be automatically applied as a matter of course when special access circuits are converted to EELs. Rather, the applicability of such charges should be determined based on the recognition that the underlying network configuration remains the same and that it concerns only an *administrative* change in prices. To my knowledge, Ameritech's current termination or

service order charges do not apply to such an administrative change in prices. Instead, Ameritech's non-recurring charges, almost without exception, include costs associated with technicians manipulating the network for purposes of providing the service requested. Because Level 3 will be simply "redefining" the service in question when converting a special access circuit to an EEL (*i.e.*, from a special access service to a combination of UNEs), it will be unnecessary for Ameritech's technicians to alter the network at all. As such, many non-recurring charges would be inappropriate and would serve to recover again, expenses already recovered when Level 3 originally established the circuit as a special access service.

Q. WHAT POSSIBLE REASON COULD AMERITECH HAVE FOR ITS PROPOSED RESTRICTIONS?

A. A review of the above restrictions reveals that they are simply aimed at preserving Ameritech's revenue stream by handicapping Level 3 in its potential use of EELs. The preservation of Ameritech's existing revenue stream at the expense of local exchange competition, however, is no longer a valid policy objective. Therefore, the Commission should reject Ameritech's proposed restrictions and allow Level 3 to convert special access circuits to combinations of unbundled network elements. The only limitation that should be applied to Level 3's converting special access services to a combination of UNEs (*i.e.*, an EEL), is the limitation included

by the FCC in its UNE Remand Supplemental Order. That is, Level 3 should be allowed to convert special access circuits to EELs wherever Level 3 can self-certify that the EEL will be used to provide a "significant amount of local exchange service."

Q. PLEASE SUMMARIZE YOUR POSITION ON ENHANCED EXTENDED LOOPS.

A. The availability of EELs allows CLECs to serve customers throughout the local exchange in an economic and efficient manner. Without EELs CLECs would be required to collocate in every central office where it orders unbundled loops. The use of EELs avoids expensive and time consuming collocations and allows Level 3 and other CLECs to quickly provide service across a much larger service territory than would be possible otherwise, thereby providing a competitive alternative to consumers.

As the FCC noted, CLECs are "...entitled to obtain existing combinations of loop and transport between the end user and the incumbent LEC's serving wire center on an unrestricted basis at unbundled network element prices." Ameritech has proposed inappropriate restrictions on the availability of EELs under the guise of a "self-certification." The restrictions would restrict competition and alternatives to consumers. The Commission should require Ameritech to remove the restrictions from its

self-certification, as they are not based on any technical or valid public policy positions.

Finally, Ameritech should not be allowed to extract concessions from CLECs as a quid pro quo for the availability of EELs. Specifically, as the Commission found in the Focal arbitration, Level 3 should not be forced to agree with Ameritech through a self-certification that data traffic is not local exchange traffic in order to receive access to EELs. This Commission has already determined that ISP-bound traffic is local exchange service. This position is consistent with Level 3's position and the orders from the FCC.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.

A. Prior to my current position with QSI Consulting, I was a Senior Executive Staff Member in MCI WorldCom's ("MCIW") National Public Policy Group. In this position, I was responsible for providing public policy expertise in key cases across the country and for managing external consultants for MCIW's state public policy organization. In certain situations, I also provided testimony in regulatory and legislative proceedings.

Prior to my position with MCIW in Denver, I was an Executive Staff Member II at MCI Telecommunications ("MCI") World Headquarters in Washington D.C.. In that position I managed economists, external consultants, and provided training and policy support for regional regulatory staffs. Prior to that position I was a Senior Manager in MCI's Regulatory Analysis Department, which provided support in state regulatory and legislative matters to the various operating regions of MCI. In that position I was given responsibility for assigning resources from our group for state regulatory proceedings throughout the United States. At the same time, I prepared and presented testimony on various telecommunications issues before state regulatory and legislative bodies. I was also responsible for managing federal tariff reviews and presenting MCI's position on regulatory matters to the Federal Communications Commission. Prior to my assignment in the Regulatory Analysis Department, I was the Senior Manager of Economic Analysis and Regulatory Policy in the Legal, Regulatory and Legislative Affairs Department for the Midwest Division of MCI. In that position I developed and promoted regulatory policy within what was then a five-state operating division of MCI. I promoted MCI policy positions through negotiations, testimony and participation in industry forums.

Prior to my positions in the Midwest, I was employed as Manager of Tariffs and Economic Analysis with MCI's West Division in Denver, Colorado. In that position I was responsible for managing the development and application of MCI's tariffs in the fifteen MCI West states. I was also responsible for managing regulatory dockets and for providing economic and financial expertise in the areas of discovery and issue analysis. Prior to joining the West Division, I was a Financial Analyst III and then a Senior Staff Specialist with MCI's Southwest Division in Austin, Texas. In those positions, I was responsible for the management of regulatory dockets and liaison with outside counsel. I was also responsible for discovery, issue analysis, and for the development of working relationships with consumer and business groups. Just prior to joining MCI, I was employed by the Texas Public Utility Commission as a Telephone Rate Analyst in the Engineering Division responsible for examining telecommunications cost studies and rate structures.

I was employed as an Economic Analyst with the Public Utility Commissioner of Oregon from July, 1983 to December, 1984. In that position, I examined and analyzed cost studies and rate structures in telecommunications rate cases and investigations. I also testified in rate cases and in private and public hearings regarding telecommunications services. Before joining the Oregon Commissioner's Staff, I was employed by the Bonneville Power Administration as a Financial Analyst, where I made total regional electric use forecasts and automated the Average System Cost Review Methodology. Prior to joining the Bonneville Power Administration, I held numerous positions of increasing responsibility in areas of forest management for both public and private forestry concerns.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL CREDENTIALS.

A. I received a Bachelor of Science degree from Oregon State University and a Master of Management degree in Finance and Quantitative Methods from Willamette University's Atkinson Graduate School of Management. I have also attended numerous courses and seminars specific to the telecommunications industry, including the NARUC Annual Regulatory Studies Program.

Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?

A. Effective April 1, 2000, I joined QSI Consulting as Vice President and Partner. In this position I provide analysis and testimony for QSI's many clients. The deliverables include written and oral testimony,

analysis of rates, cost studies and policy positions, position papers, presentations on industry issues and training.

Q. **PLEASE IDENTIFY THE JURISDICTIONS IN WHICH YOU HAVE TESTIFIED.**

A. I have filed testimony or comments on telecommunications issues in Arizona, California, Colorado, Delaware, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Washington, West Virginia, Wisconsin and Wyoming. I have also filed comments with the FCC and made presentations to the Department of Justice.

I have testified or presented formal comments in the following proceedings and forums:

Arizona:

September 23, 1987; Arizona Corporation Commission Workshop on Special Access Services; Comments on Behalf of MCI.

August 21, 1996; Affidavit in Opposition to USWC Motion for Partial Summary Judgment; No. CV 95-14284, No. CV-96-03355, No. CV-96-03356, (consolidated); On Behalf of MCI.

October 24, 1997; Comments to the Universal Service Fund Working Group; Docket No. R-0000-97-137; On Behalf of MCI.

May 8, 1998; Comments to the Universal Service Fund Working Group; Docket No.R-0000-97-137; On Behalf of MCI.

November 9, 1998; Docket No. T-03175A-97-0251; Application of MCImetro Access Transmission Services, Inc. to Expand It's CCN to Provide IntraLATA Services and to Determine that Its IntraLATA Services are Competitive; Direct Testimony on Behalf of MCI WorldCom, Inc.

September 20, 1999; Docket No. T-00000B-97-238; USWC OSS Workshop; Comments on Behalf of MCI WorldCom, Inc.

California:

August 30, 1996; Application No. 96-08-068; MCI Petition for Arbitration with Pacific Bell; Direct Testimony on Behalf of MCI.

September 10, 1996; Application No. 96-09-012; MCI Petition for Arbitration with GTE California, Inc.; Direct Testimony on Behalf of MCI.

Colorado:

December 1, 1986; Investigation and Suspension Docket No. 1720; Rate Case of Mountain States Telephone and Telegraph Company; Direct Testimony on Behalf of MCI.

October 26, 1988; Investigation and Suspension Docket No. 1766; Mountain States Telephone and Telegraph Company's Local Calling Access Plan; Direct Testimony of Behalf of MCI.

September 6, 1996; MCImetro Petition for Arbitration wit U S WEST Communications, Inc.; Docket No. 96A-366T (consolidated); Direct Testimony on Behalf of MCI.

September 17, 1996; MCImetro Petition for Arbitration wit U S WEST Communications, Inc.; Docket No. 96A-366T (consolidated); Rebuttal Testimony on Behalf of MCI.

September 26, 1996; Application of U S WEST Communications, Inc. To Modify Its Rate and Service Regulation Plan; Docket No. Docket No. 90A-665T (consolidated); Direct Testimony on Behalf of MCI.

October 7, 1996; Application of U S WEST Communications, Inc. To Modify Its Rate and Service Regulation Plan; Docket No. Docket No. 90A-665T (consolidated); Rebuttal Testimony on Behalf of MCI.

July 18, 1997; Complaint of MCI to Reduce USWC Access Charges to Economic Cost; Docket Nos. 97K-237T, 97F-175T (consolidated) and 97F-212T (consolidated); Direct Testimony on Behalf of MCI.

August 15, 1997; Complaint of MCI to Reduce USWC Access Charges to Economic Cost; Docket Nos. 97K-237T, 97F-175T (consolidated) and 97F-212T (consolidated); Rebuttal Testimony on Behalf of MCI.

March 10, 1998; Application of WorldCom, Inc. for Approval to Transfer Control of MCI to WorldCom, Inc.; Docket No. 97A-494T; Supplemental Direct Testimony on Behalf of MCI.

March 26, 1998; Application of WorldCom, Inc. for Approval to Transfer Control of MCI to WorldCom, Inc.; Docket No. 97A-494T; Rebuttal Testimony on Behalf of MCI.

May 8, 1998; Application of WorldCom, Inc. for Approval to Transfer Control of MCI to WorldCom, Inc.; Docket No. 97A-494T; Affidavit in Response to GTE.

November 4, 1998; Proposed Amendments to the Rules Prescribing IntraLATA Equal Access; Docket No. 98R-426T; Comments to the Commission on Behalf of MCI WorldCom and AT&T Communications of the Mountain States, Inc.

May 13, 1999; Proposed Amendments to the Rules on Local Calling Area Standards; Docket No. 99R-128T; Oral Comments before the Commissioners on Behalf of MCIW.

Delaware:

February 12, 1993; Diamond State Telephone Company's Application for a Rate Increase; Docket No. 92-47; Direct Testimony on Behalf of MCI.

Florida:

July 1, 1994; Investigation into IntraLATA Presubscription; Docket No. 930330-TP; Direct Testimony on Behalf of MCI.

Idaho:

November 20, 1987; Case No. U_1150_1; Petition of MCI for a Certificate of Public Convenience and Necessity; Direct Testimony on Behalf of MCI.

March 17, 1988; Case No. U_1500_177; Investigation of the Universal Local Access Service Tariff; Direct Testimony on Behalf of MCI.

April 26, 1988; Case No. U_1500_177; Investigation of the Universal Local Access Service Tariff; Rebuttal Testimony on Behalf of MCI.

Illinois:

January 16, 1989; Docket No. 83_0142; Appropriate Methodology for Intrastate Access Charges; Rebuttal Testimony Regarding Toll Access Denial on Behalf of MCI.

February 16, 1989; Docket No. 83_0142; Appropriate Methodology for Intrastate Access Charges; Testimony Regarding ICTC's Access Charge Proposal on Behalf of MCI.

May 3, 1989; Docket No. 89_0033; Illinois Bell Telephone Company's Rate Restructuring; Direct Testimony on Behalf of MCI.

July 14, 1989; Docket No. 89-0033; Illinois Bell Telephone Company's Rate Restructuring; Rebuttal Testimony on Behalf of MCI.

November 22, 1989; Docket No. 88-0091; IntraMSA Dialing Arrangements; Direct Testimony on Behalf of MCI.

February 9, 1990; Docket No. 88-0091; IntraMSA Dialing Arrangements; Rebuttal Testimony on Behalf of MCI.

November 19, 1990; Docket No. 83-0142; Industry presentation to the Commission re Docket No. 83-0142 and issues for next generic access docket; Comments re the Imputation Trial and Unitary Pricing/Building Blocks on Behalf of MCI.

July 29, 1991; Case No. 90-0425; Presentation to the Industry Regarding MCI's Position on Imputation.

November 18, 1993; Docket No. 93-0044; Complaint of MCI and LDDS re Illinois Bell Additional Aggregated Discount and Growth Incentive Discount Services; Direct Testimony on Behalf of MCI and LDDS.

January 10, 1994; Docket No. 93-0044; Complaint of MCI and LDDS re Illinois Bell Additional Aggregated Discount and Growth Incentive Discount Services; Rebuttal Testimony on Behalf of MCI and LDDS.

Indiana:

October 28, 1988; Cause No. 38561; Deregulation of Customer Specific Offerings of Indiana Telephone Companies; Direct Testimony on Behalf of MCI.

December 16, 1988; Cause No. 38561; Deregulation of Customer Specific Offerings of Indiana Telephone Companies; Direct Testimony on Behalf of MCI Regarding GTE.

April 14, 1989; Cause No. 38561; Deregulation of Customer Specific Offerings of Indiana Telephone Companies; Direct Testimony on Behalf of MCI Regarding Staff Reports.
June 21, 1989; Cause No. 37905; Intrastate Access Tariffs -- Parity with Federal Rates; Direct Testimony on Behalf of MCI.

June 29, 1989; Cause No. 38560; Reseller Complaint Regarding 1+ IntraLATA Calling; Direct Testimony on Behalf of MCI.

October 25, 1990; Cause No. 39032; MCI Request for IntraLATA Authority; Direct Testimony on Behalf of MCI.

April 4, 1991; Rebuttal Testimony in Cause No. 39032 re MCI's Request for IntraLATA Authority on Behalf of MCI.

Iowa:

September 1, 1988; Docket No. RPU 88_6; IntraLATA Competition in Iowa; Direct Testimony on Behalf of MCI.

September 20, 1988; Docket No. RPU_88_1; Regarding the Access Charges of Northwestern Bell Telephone Company; Direct Testimony on Behalf of MCI.

September 25, 1991; Docket No. RPU-91-4; Investigation of the Earnings of U S WEST Communications, Inc.; Direct Testimony on Behalf of MCI.

October 3, 1991; Docket No. NOI-90-1; Presentation on Imputation of Access Charges and the Other Costs of Providing Toll Services; On Behalf of MCI.

November 5, 1991; Docket No. RPU-91-4; Investigation of the Earnings of U S WEST Communications, Inc.; Rebuttal Testimony on Behalf of MCI.

December 23, 1991; Docket No. RPU-91-4; Investigation of the Earnings of US WEST Communications; Inc.; Supplemental Testimony on Behalf of MCI.

January 10, 1992; Docket No. RPU-91-4; Investigation of the Earnings of U S WEST Communications, Inc.; Rebuttal Testimony on Behalf of MCI.

January 20, 1992; Docket No. RPU-91-4; Investigation of the Earnings of U S WEST Communications, Inc.; Surrebuttal Testimony on Behalf of MCI.

June 8, 1999; Docket NOI-99-1; Universal Service Workshop; Participated on numerous panels during two day workshop; Comments on Behalf of MCIW.

October 27, 1999: Docket NOI-99-1; Universal Service Workshop; Responded to questions posed by the Staff of the Board during during one day workshop; Comments on Behalf of MCIW and AT&T.

Kansas:

June 10, 1992; Docket No. 181,097-U; General Investigation into IntraLATA Competition within the State

of Kansas; Direct Testimony on Behalf of MCI.

September 16, 1992; Docket No. 181,097-U; General Investigation into IntraLATA Competition within the State of Kansas; Rebuttal Testimony on Behalf of MCI.

Kentucky:

May 20, 1993; Administrative Case No. 323, Phase I; An Inquiry into IntraLATA Toll Competition, an Appropriate Compensation Scheme for Completion of IntraLATA Calls by Interexchange Carriers, and WATS Jurisdictionality; Direct Testimony on Behalf of MCI.

Maryland:

November 12, 1993; Case No. 8585; Competitive Safeguards Required re C&P's Centrex Extend Service; Direct Testimony on Behalf of MCI.

January 14, 1994; Case No. 8585; Competitive Safeguards Required re C&P's Centrex Extend Service; Rebuttal Testimony on Behalf of MCI.

May 19, 1994; Case No. 8585; Re Bell Atlantic Maryland, Inc.'s Transmittal No. 878; Testimony on Behalf of MCI.

June 2, 1994; Case No. 8585; Competitive Safeguards Required re C&P's Centrex Extend Service; Rebuttal Testimony on Behalf of MCI.

Massachusetts:

April 22, 1993; D.P.U. 93-45; New England Telephone Implementation of Interchangeable NPAs; Direct Testimony on Behalf of MCI.

May 10, 1993; D.P.U. 93-45; New England Telephone Implementation of Interchangeable NPAs; Rebuttal Testimony on Behalf of MCI.

Michigan:

September 29, 1988; Case Nos. U_9004, U_9006, U_9007 (Consolidated); Industry Framework for IntraLATA Toll Competition; Direct Testimony on Behalf of MCI.